

Today, Rep. Pete Stark (D-CA) and Rep. Joe Moakley (D-MA) joined together to introduce “the COBRA Coverage Extension and Affordability Act of 2001.” The bill builds on the existing COBRA health insurance continuation law by allowing people to maintain coverage for five years and enabling people age 55 and over to further extend their COBRA coverage until becoming eligible for Medicare. The bill also provides a new, refundable federal tax credit worth 50% of the cost of the annual premium costs to make COBRA continuation coverage more affordable for American workers and their families.

“As the author of COBRA, I am thrilled to join with my dear friend, Rep. Joe Moakley, to introduce this legislation to update the COBRA program,” Rep. Stark said. “Since we created it 1986, COBRA has insured countless Americans who are between jobs or under-employed. Now it’s time for a tune-up. By updating the COBRA legislation, we will make this program more affordable and helpful for American workers and their families.”

Rep Moakley said, “this bill will make a big difference in the lives of people with pre-existing conditions because it will help them continue their same insurance policy with their same coverage regardless of where they work; and for some, that insurance coverage can actually mean the difference between life and death.”

The original COBRA legislation allows employees who face a change in their work status, and who would otherwise lose their health insurance, to keep their coverage through their previous employer for a period of generally 18 months. The COBRA Coverage Extension and Affordability Act recognizes that it is time to update COBRA law by extending its standard coverage for 5 years. It also recognizes the special needs of older workers who may retire early or be downsized from a job and find it virtually impossible to obtain affordable health insurance in the private marketplace. Finally, it recognizes the high cost of health insurance and makes maintaining coverage more affordable through a refundable tax credit worth 50% of premium costs.

Rep. Stark concluded: “The COBRA Coverage Extension and Affordability Act is a bill Congress could pass today and dramatically improve the ability of America’s workers to maintain comprehensive health insurance coverage for themselves and their families. We hope our colleagues will join us in this important endeavor.”